

**IOWA LAKES COMMUNITY COLLEGE  
INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
JUNE 30, 2008**





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# IOWA LAKES COMMUNITY COLLEGE OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Trustees</b>		
(Term of October 1, 2007 to September 30, 2008)		
John Hand (effective until June 2008)	President	
Jack Tatman (Trustee until effective June 2008)	President	2009
Jan Lund	Vice President	2008
Howard Kyle	Trustee	2008
Lynn Kueck	Trustee	2009
Jim Miller	Trustee	2011
Patrick Kibbie (effective as of June 2008)	Trustee	2009
Susan Zulk	Trustee	2008

## Community College (As of June 30, 2008)

Dr. Harold Prior	President
Thomas Brotherton	Executive Dean of Emmetsburg Campus
Mary Mohni	Chief Academic Officer
Valerie Newhouse	Executive Vice President
Mary Larscheid	Executive Dean of Estherville Campus
Robert L'Heureux	Chief Financial Officer
Judith Cook	Executive Director of Planning/Development
Clark Marshall	Executive Director of Continuing Education/Economic Development
Delaine Hiney	Executive Director of Facilities Management
Jane Campbell	Executive Director of Marketing
Julie Carlson	Dean of Enrollment Management
Kitty Conover	Dean of Spencer Campus
Trudy Kattner	Dean of Algona Campus
Darin Moeller	Dean of Spirit Lake Campus
Shan Ray	Executive Director of Institutional Advancement
Bob Seigel	Chief Information Officer

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Iowa Lakes Community College  
Estherville, Iowa

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of Iowa Lakes Community College, Estherville, Iowa, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Lakes Community College at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2009, on our consideration of Iowa Lakes Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 8 and 26 through 27 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Lakes Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 13, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
January 21, 2009

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2008**

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This section of Iowa Lakes Community College's annual financial report presents a discussion and analysis of the financial performance of the college during the fiscal year ended June 30, 2008, with comparative information presented for the fiscal year ended June 30, 2007. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statement and notes. The financial statements, notes, and this discussion are the responsibility of management.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

#### **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

##### **The Statement of Net Assets**

The Statement of Net Assets presents the financial position of the college at the end of the fiscal year and includes all assets and liabilities of the college. The difference between total assets and total liabilities – net assets – is an indicator of the current financial condition of the college. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historic cost less allowance for depreciation.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the college's equity in property, plant and equipment owned by the college. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditures by the college but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

## Net Assets

	June 30, 2008	June 30, 2007
Current and Other Assets	\$ 19,750,109	\$ 19,429,281
Capital Assets, Net of Accumulated Depreciation	28,493,531	26,331,621
Total Assets	<u>48,243,640</u>	<u>45,760,902</u>
Current Liabilities	10,611,444	9,895,020
Non-current Liabilities	8,216,864	8,236,488
Total Liabilities	<u>18,828,308</u>	<u>18,131,508</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	23,338,531	20,351,986
Restricted		
Non-Expendable	3,330,500	2,997,292
Expendable	1,930,639	2,244,986
Unrestricted	815,662	2,035,130
Total Net Assets	<u>\$ 29,415,332</u>	<u>\$ 27,629,394</u>

- Current assets increased by \$321,000, this compares to a decrease of \$47,000 for the previous year. There were a number of categories which recorded substantial changes from the previous year. Those which had substantial increases were: Succeeding Year Property Taxes - \$342,000, Iowa Industrial New Jobs Training Program - \$378,500 and Due from Other Governments - \$575,400. Those which had a substantial decrease were: Cash and Pooled Investments - \$380,000 and Due from Others, net of uncollectible - \$720,000.
- Capital assets, net of accumulated depreciation increased \$2,162,000, which compares to the previous year's increase of \$925,000. Categories which increased substantially were: Buildings - \$2,020,000, Furniture and Equipment - \$1,416,000, and Accumulated Depreciation - \$1,315,000.
- Total assets increased \$2,490,000, compared with an increase of \$514,000 for the previous year.
- Current liabilities increased \$716,000, compared with an increase of \$256,000 for the previous year. Categories with a substantial increase were: ISCAP Warrants - \$160,000, Succeeding Year Property Tax - \$342,000, Early Retirement Payable - \$321,000 and Certificates Payable - \$180,000. The major categories of decrease were Deposits Held in Custody for Others - \$211,000 and Due to Others - \$228,000.
- The non-current liabilities had a decrease of \$20,000, compared with a decrease of \$1,476,000 for the previous year. Increases were in Certificates Payable - \$530,000 and Early Retirement Payable - \$205,000 and a decrease in Bonds and Other Long Term Debt - \$755,000. We issued \$1,425,000 in certificates during the year.
- The change in Total Net Assets for the year was an increase of \$1,428,000, compared with an increase of \$1,734,000 for the previous year. The major changes were: a decrease in Unrestricted Funds of \$1,219,000 and Expendable - \$314,000 and an increase in Invested in Capital Assets of \$2,987,000 and non-expendable by \$333,000.

## The Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the operating results of the college, as well as the non-operating revenues and expenses. Annual state general aid appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles

### Changes in Net Assets

	Year Ended June 30, 2008	Year Ended June 30, 2007
Revenues:		
Operating Revenues:		
Tuition and Fees net of scholarships	\$ 5,664,197	\$ 5,869,187
Federal Appropriations	5,193,565	5,061,563
Iowa Industrial New Jobs Training Program	1,306,979	609,046
Gifts & Grants	1,879,065	1,100,389
Auxiliary Enterprises	4,735,094	4,729,391
Miscellaneous	2,278,226	2,368,417
Total Operating Revenues	21,057,126	19,737,993
Total Operating Expenses	33,040,626	30,797,603
Operating Loss	(11,983,500)	(11,059,610)
Non-Operating Revenues (Expenses)		
State Appropriations	10,486,612	9,452,329
Property Taxes	2,862,695	3,206,033
Interest Income from Investments	503,977	643,067
Interest Income from Student Loans	662	59
Gain/(Loss) on Sale of Capital Assets	(10,822)	(14,068)
Foundation Revenue	65,239	-
Interest on Indebtedness	(496,529)	(493,908)
Net Non-Operating Revenues	13,411,834	12,793,512
Increase in Net Assets	1,428,334	1,733,902
Net assets Beginning of Year	27,986,998	25,895,492
Net Assets Ending of Year	\$ 29,415,332	\$ 27,629,394

The increase in net assets for FY 08 was \$1,428,000 compared to \$1,734,000 for the previous year.

### Revenues

- There was an increase in operating revenues of \$1,330,000 compared with an increase of \$252,000 for the previous year. Changes in the various categories: Tuition and Fees decreased for the first time in a number of years by \$205,000, compared with an increase of \$449,000 for the previous year; Gifts and Grants increased by \$779,000, Miscellaneous decreased by \$90,000, Federal Appropriations increased by \$132,000, Iowa Industrial New Jobs Training Program increased by \$698,000.

### Expenses

- Operating expenses increased by \$2,243,000 from the previous year which is an increase of 7.28%. This compares to an increase of 1.681% from FY 06 to FY 07.
- The college's functional areas include Liberal Arts and Sciences, Vocational Technical, Adult Education, Cooperative Services, General Administration, Student Services, Learning Resources, Physical Plant and General Institutional. The college's utilization of funds by functional area demonstrates its financial commitment to its basic mission and defines the scope of instructional programs and support services.

These functional area expenses increased by 8.96% from the previous year compared to a decrease of less than ½ % between FY 07 from FY 06.

### Operating Expenses

	Year Ended June 30, 2008	Year Ended June 30, 2007
Education and Support:		
Liberal Arts and Sciences	\$ 6,163,215	\$ 5,800,121
Vocational Technical	3,983,112	3,716,615
Adult Education	811,603	754,809
Cooperative Services	2,094,729	1,378,367
General Administration	2,495,687	1,775,809
Student Services	1,560,520	1,354,350
Learning Resources	1,418,116	1,344,388
Physical Plant	1,756,808	1,944,551
General Institution	5,912,661	5,974,367
Sub-total	26,196,451	24,043,377
Auxiliary Enterprises	5,024,550	5,096,052
Scholarships and Grants	493,029	418,737
Administrative and Collection Costs	1,148	1,234
Depreciation Expense	1,325,448	1,238,203
Total	<u>\$ 33,040,626</u>	<u>\$ 30,797,603</u>

### Non-Operating Revenues (Expenses)

- The revenue in this category increased by \$618,000, compared with an increase of \$1,278,000 from the previous year. State appropriations increased by \$1,034,000 or 10.95% and property tax decreased by \$343,000 or 10.71%. The state legislature gave Iowa Community Colleges an increase of \$12.3M, which was slightly more than in FY 07. Interest Income from Investments was \$504,000, which was a decrease of \$139,000 from the previous year.

### The Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the college's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

### Cash Flows

	Year Ended June 30, 2008	Year Ended June 30, 2007
Cash and Pooled Investments Provided (Used) by:		
Operating Activities:		
Revenues	\$ 21,813,406	\$ 19,189,650
Expenditures	32,259,610	30,390,362
Net Operating Activities	(10,446,204)	(11,200,712)
Non-Capital Financing Activities	14,094,894	12,705,816
Capital and Related Financing Activities	(4,853,088)	(3,076,982)
Investing Activities	824,368	539,230
Net Increase/(Decrease) in Cash and Pooled Investments	(380,030)	(1,032,648)
Cash and Pooled Investments at Beginning of Year	5,719,632	6,752,280
Cash and Pooled Investments at End of Year	<u>\$ 5,339,602</u>	<u>\$ 5,719,632</u>

- There was a change in Net Cash (Used) by Operating Activities in the amount of \$754,500, revenues over expenses, which compares to a \$3.4M of expenses over revenues for the previous year. Operating revenues were up \$2,624,000 and expenses were up \$1,869,000 from the previous year. Auxiliary enterprises showed a positive change of \$919,000 from the previous year, due to the fact that part of the construction costs of the resident halls in Estherville and Spencer were funded by cash on hand during FY 07. There was an increase in revenues in the amount of \$1,438,000 from Iowa Industrial New Jobs Training Programs. This increase is cyclical in nature, dependent upon the issuance of bonds for the programs and debt retirement of the bonds. Expenses increased \$1,869,000, with payments to employees increasing by \$1,386,000 and payment to suppliers increasing by \$654,000.
- There was an increase in Cash Flows from Non-Capital Financing Activities in the amount of \$1,389,000. State appropriations increased \$1,034,000 and property taxes decreased \$343,000. There was an increase in Certificates Issued for Iowa Industrial New Jobs Training projects in the amount of \$1,425,000.
- There was a major reduction Cash Flows from Capital and Related Financing Activities from the previous year in the amount of \$1,776,000. Most of this comes from the increase in purchases of capital assets which was \$1,677,000.
- There was not a significant change in the total of Cash Flows from Investing Activities. There was a decrease in the proceeds of sales and maturities of investments from the previous year in the amount of \$203,000. There was a decrease in the purchase of investments from the previous year in the amount of \$396,000. We received \$106,000 more in investment income compared to the previous year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the College had approximately \$43.7M invested in capital assets, without applying an accumulated depreciation of approximately \$15.2M. The net of depreciation value is an increase of 8.21% or \$2.162M from a year ago. Depreciation charges totaled \$1,325,448 for fiscal year 2008. Details of capital assets are shown below:

#### Capital Assets, Net, at Year-End

	June 30, 2008	June 30, 2007
Land	\$ 1,405,941	\$ 1,405,941
Buildings	21,940,519	20,722,933
Other Structures and Improvements	2,197,192	2,244,386
Furniture and Equipment	2,913,115	1,858,228
Construction in Progress	36,764	100,133
Total Capital Assets	<u>\$ 28,493,531</u>	<u>\$ 26,331,621</u>

The financial reports presented in the Management's Discussion and Analysis show some significant changes from a year ago. The only borrowing that was done was that of Iowa Industrial New Jobs Training program and the Iowa Schools Cash Anticipation Program (ISCAP). The ISCAP funds are in place for one year and are paid prior the close of the next fiscal year. We did have an ISCAP issuance from the previous year, similar in amount, which was paid on June 30, 2008. There are offsetting investments for most of the life of ISCAP, as the proceeds are to be used in time of cash flow needs, which for Iowa Lakes would be in the months of July and August, when we have significant expenses with little revenues. We entered into an agreement to construct a wrestling practice facility on our Estherville campus, with completion to be done by early fall. More detailed information about the college's capital assets is presented in Note 6 to the financial statements.

## Long-Term Debt

At June 30, 2008, the College had \$9.575M in debt outstanding. The table below summarizes debt balance for two fiscal years by category.

### Outstanding Debt

	Year Ended June 30, 2008	Year Ended June 30, 2007
Certificate Payable	\$ 4,420,000	\$ 3,710,000
Bonds & Capital Loan Notes Payable	5,155,000	5,890,000
ISCAP Warrants	1,688,000	1,528,000
Total	<u>\$ 9,575,000</u>	<u>\$ 11,128,000</u>

More detailed information about the College's outstanding debt is presented in Notes 4 and 9 to the financial statements.

## ECONOMIC FACTORS

Iowa Lakes Community College finds itself in an economic decline like other business concerns, both regionally and nationally. Our unrestricted net assets decreased \$1,219,000 for the past fiscal year along with the decline of \$368,000 for fiscal year 2007. We have \$816,000 in funds compared to \$2,035,000 at the end of fiscal year 2007. Measures are being taken by the college administration to see that our balance does not erode further. Other financial situations are closely aligned with that of the financial condition of the State of Iowa. Listed below are some challenges which we will face:

- Receipts from State Aid have been very beneficial to the community college in Iowa, for the past several years. The fifteen community colleges have received between \$10M and \$12M for the past several years. These increases compare to the \$4M, which was appropriated for FY 05. We are very pleased that our legislators were able to increase state general aid in these amounts. Iowa Lakes share is a little less than 5% of the total appropriated or close to \$500,000. In addition to the state general aid increase, the 15 community colleges also received \$2M infrastructure funding. Iowa Lake's share of this was \$101,000 in FY 08. With the current financial pressures be placed upon all organizations, our hope is that we do not receive any notice of state aid reversion.
- Facilities will require constant maintenance and upkeep.
- With a decline in the enrollment of students at Iowa Lakes Community College for this past fiscal year we are increasing our emphasis on recruitment of new students and reviewing our marketing techniques.

## CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Lakes Community College, 19<sup>th</sup> South 7<sup>th</sup> Street, Estherville, IA 51334.



## **Basic Financial Statements**

**IOWA LAKES COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

**ASSETS**

Current Assets

Cash and Investments:

Cash and Pooled Investments	\$ 5,339,602
ISCAP Investments - Restricted	1,701,757

Receivables:

Due from Others, net of Allowance for Uncollectible	
Accounts of \$285,709	955,470
Accrued Interest	75,039
Property Tax - Succeeding Year	3,225,000
Nursing Loans	6,305
Iowa Industrial New Jobs Training Program	560,873
Due From Other Governments	827,332
Inventories	603,696
Prepaid Expenses	123,962

Total Current Assets	13,419,036
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Noncurrent Assets

Pooled Investments	4,135,825
Endowment Investments	2,126,422
Deferred Compensation	68,826
Capital Assets	
Land	1,405,941
Construction in Progress	36,764
Buildings	32,600,798
Other Structures and Improvements	3,267,925
Furniture and Equipment	6,422,521
Accumulated Depreciation	(15,240,418)

Total Noncurrent Assets	34,824,604
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<b>TOTAL ASSETS</b>	<b>\$ 48,243,640</b>
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**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

**LIABILITIES**

Current Liabilities	
Accounts Payable	\$ 476,804
Salaries and Benefits Payable	701,873
Deferred Compensation	68,826
Accrued Interest	42,379
ISCAP Warrants Payable	1,688,000
Deferred Revenue:	
Succeeding Year Property Tax	3,225,000
Other	1,070,517
Early Retirement Payable	341,368
Deposits Held in Custody for Others	762,227
Due to Others	45,044
Reported and Unreported Insurance Claims Payable	539,406
Certificates Payable	895,000
Bonds and Other Long-Term Debt	755,000
	<hr/>
Total Current Liabilities	10,611,444
	<hr/>
Noncurrent Liabilities	
Early Retirement Payable	291,864
Certificates Payable	3,525,000
Bonds and Other Long-Term Debt	4,400,000
	<hr/>
Total Noncurrent Liabilities	8,216,864
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<b>TOTAL LIABILITIES</b>	<b>18,828,308</b>
	<hr/>

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	23,338,531
Restricted:	
Nonexpendable:	
Endowment	3,330,500
Expendable:	
Scholarships	1,124,107
Loans	17,015
Debt Service	149,805
Cash Reserve	286,030
Other	353,682
Unrestricted	815,662
	<hr/>
<b>TOTAL NET ASSETS</b>	<b>\$ 29,415,332</b>
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**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2008**

**REVENUES**

## Operating Revenues:

Tuition and Fees, net of scholarship allowances of \$ 2,960,123	\$ 5,664,197
Federal Appropriations	5,193,565
Iowa Industrial New Jobs Training Program	1,306,979
Gifts and Grants	1,879,065
Auxiliary Enterprises Revenue, net of scholarship allowances of \$739,353	4,735,094
Miscellaneous	<u>2,278,226</u>
Total Operating Revenues	<u>21,057,126</u>

**EXPENSES**

## Operating Expenses:

Education and Support:	
Liberal Arts and Sciences	6,163,215
Vocational Technical	3,983,112
Adult Education	811,603
Cooperative Services	2,094,729
General Administration	2,495,687
Student Services	1,560,520
Learning Resources	1,418,116
Physical Plant	1,756,808
General Institution	5,912,661
Auxiliary Enterprises	5,024,550
Scholarships and Grants	493,029
Administrative and Collection Costs	1,148
Depreciation Expense	<u>1,325,448</u>
Total Operating Expenses	<u>33,040,626</u>
Operating Loss	<u>(11,983,500)</u>

**NON-OPERATING REVENUES (EXPENSES)**

State Appropriations	10,486,612
Property Taxes	2,862,695
Interest Income from Investments	503,977
Interest Income from Student Loans	662
Loss on Sales of Capital Assets	(10,822)
Foundation Revenue,	65,239
Interest on Indebtedness	<u>(496,529)</u>
Net Non-Operating Revenues	<u>13,411,834</u>
Increase in Net Assets	1,428,334
Net Assets Beginning of Year	<u>27,986,998</u>
Net Assets End of Year	<u>\$ 29,415,332</u>

**IOWA LAKES COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2008**

**Cash Flows from Operating Activities:**

Tuition and Fees	\$ 9,205,021
Grants and Contracts	6,503,995
Iowa Industrial New Jobs Training Program	1,306,979
Payments to Employees	(17,881,488)
Payments to Suppliers	(13,356,195)
Payments to NJTP Recipients	(1,021,927)
Collection of Loans to Students	1,177
Auxiliary Enterprise Net Activity	702,225
Other Receipts	<u>4,094,009</u>

Net Cash (Used) by Operating Activities (10,446,204)

**Cash Flows from Non-Capital Financing Activities:**

State Appropriations	10,486,613
Property Taxes	2,862,696
Principal Paid on Debt	(715,000)
Certificates Issued	1,425,000
Miscellaneous Agency Fund Receipts	2,536,206
Miscellaneous Agency Fund Disbursements	<u>(2,500,621)</u>

Net Cash Provided from Non-Capital Financing Activities 14,094,894

**Cash Flows from Capital and Related Financing Activities**

Proceeds from Sale of Capital Assets	3,280
Purchases of Capital Assets	(3,493,190)
Principal Paid on Debt and Leases	(735,000)
Interest Paid on Debt and Leases	(614,026)
Proceeds and interest on ISCAP Activity	2,011,829
Principal and interest paid on ISCAP Activity	<u>(2,025,981)</u>

Net Cash (Used) by Capital and Related Financing Activities (4,853,088)

**Cash Flows from Investing Activities:**

Proceeds from Sales and Maturities of Investments	3,013,883
Purchase of Investments	(2,854,541)
Interest on Investments	<u>665,026</u>

Net Cash Provided by Investing Activities 824,368

Net Decrease in Cash (380,030)

Cash at Beginning of Year 5,719,632

Cash at End of Year \$ 5,339,602



IOWA LAKES COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2008

**Reconciliation of Operating Loss to Net Cash****(Used) by Operating Activities:**

Operating Loss	\$ (11,983,500)
Adjustments to Reconcile Operating Loss to Net	
Cash (Used) by Operating Activities:	
Depreciation	1,325,448
Changes in Assets and Liabilities:	
Decrease in Due From Others	39,016
Decrease in Due From Students	326,795
Decrease in Nursing Loans Receivable	1,177
(Increase) in Due From Other Governments	(575,398)
(Increase) in Inventories	(90,464)
Decrease in Prepaid Expenses	7,590
(Decrease) in Accounts Payable	(89,657)
Increase in Salaries and Benefits Payable	386,095
Increase in Deferred Revenue	168,125
Increase in Deposits Held in Custody	13,340
Increase in Early Retirement Payable	252,374
(Decrease) in Due to Others	(227,145)
Total Adjustments	<u>1,537,296</u>

**Net Cash (Used) by Operating Activities** \$ (10,446,204)

**Noncash, Capital and Related Financing Activities:**

The College received donated capital assets with a fair market value of \$1,180,556.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Iowa Lakes Community College is a publicly supported school established and operated by Merged Area III under the provisions of Chapter 260C of the Code of Iowa. Iowa Lakes Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Iowa Lakes Community College may also offer up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Lakes Community College maintains campuses in Estherville, Emmetsburg, Algona, Spencer and Spirit Lake, Iowa, and has its administrative offices in Estherville. Iowa Lakes Community College is governed by a Board of Trustees whose members are elected from each trustee district within Merged Area III.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Iowa Lakes Community College has included all funds, organizations, agencies, boards, commissions and authorities. Iowa Lakes Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with Iowa Lakes Community College are such that exclusion would cause Iowa Lakes Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on Iowa Lakes Community College.

These financial statements present Iowa Lakes Community College (the primary government) and its component units. The component units discussed below are included in Iowa Lakes Community College's reporting entity as a blended presentation because of the significance of its operational or financial relationship with the Community College. Complete financial statements of the individual component units can be obtained from its administrative office.

Iowa Lakes Community College Scholarship Foundation is a non-profit corporation whose purpose is to operate exclusively for the educational purpose of receiving gifts and property and expending the same for the benefit of Iowa Lakes Community College and its students through grants, scholarships and loans. Upon dissolution of the foundation, its remaining assets will be distributed to Iowa Lakes Community College.

Iowa Lakes Community College Foundation is a non-profit corporation whose purpose is to maintain, develop, increase and extend the facilities and services of Iowa Lakes Community College and to provide broader educational service opportunities to its students, faculty, staff and residents of the geographical area.

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

Expendable – Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statement of Net Assets, Revenues, Expenses, and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, Iowa Lakes Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**D. Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the balance sheets:

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For the purposes of the statement of cash flows, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Due From Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa, and grants and reimbursements due from the Federal government.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories -- Inventories are valued at lower of cost (first-in, first-out method) or market, except for the livestock and grain from the farm, which is valued at market value. Inventories consist of supplies and materials held for consumption, livestock and merchandise held for resale. The cost is recorded as an expenditure at the time individual inventory items are consumed or sold.

Property Tax Receivable -- Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Trustees to the appropriate County Auditors. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) -- This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2008 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the College), are reported. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful life in excess of two years. The College defines reportable capital assets as individual assets above \$ 5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Other Structures and improvements	10 - 65
Furniture and Equipment	3 - 10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Salaries and Benefits Payable -- Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Bond Interest Payable -- Interest on long-term bonded indebtedness is recorded as a liability when the interest is due.

Deferred Revenue -- When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuitions deposits, tuition and fees for a portion of summer classes, fees and registration for fall, and unearned revenue on 260 E and F projects.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, wellness center, farm, athletics, residence halls, aviation, parts, printing, vehicles, wind turbine, and gateway north.

Summer Session -- The Community College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the summer session class schedule.

Tuition and Fees -- Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.

Operating and Non-operating Activities -- Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E      Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officer (NACUBO). Certain aid (loans and funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**Note 2 -- CASH AND POOLED INVESTMENTS**

The College's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 2 -- CASH AND POOLED INVESTMENTS (Continued)**

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2008, the Community College had the following investments:

Stocks and Mutual Funds	\$ 1,294,490
Certificates of Deposit	<u>4,967,757</u>
	<u>\$ 6,262,247</u>
Long-Term Pooled Investments	\$ 4,135,825
Endowments Investments	<u>2,126,422</u>
	<u>\$ 6,262,247</u>

At June 30, 2008, the Community College had the following investments in the Iowa Schools Joint Investment Trust:

Diversified Portfolio	\$ 2,530,954
Diversified Plus Portfolio	<u>4,100</u>
	<u>\$ 2,535,054</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The Community College had Deferred Compensation Plan investments with a carrying and market value of \$68,826, at June 30, 2008, that are not subject to risk categorization. Of the \$5,334,612 of cash and pooled investments, \$57,944 is endowment cash.

Interest rate risk. The Community College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Community College.

Credit risk. The College's investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Concentration of credit risk. The Community College places a 5% limit on the amount that may be invested in any one user at the time of purchase.



**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 3 -- DEFERRED COMPENSATION PLAN**

The Community College and one of its former College Presidents entered into an agreement to form a nonqualified deferred compensation plan, whereby the President could defer his wages into a trust, to be known as the Iowa Lakes Community College RABBI Trust. The assets of the trust shall be available as a supplemental benefit to the President once he reaches retirement age.

After the President reaches retirement age and upon termination, retirement, or death, payments of benefits shall be structured by joint agreement between Iowa Lakes Community College or its successor and the employee or beneficiary.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are, until made available to the participant or other beneficiary, solely the property and rights of the Community College, without being restricted to the provision of benefits under the plan, subject only to the claims of the Community College's general creditors.

The Community College is responsible for due care in managing the investments and the participant or beneficiary assumes the risk of loss from decreases in the value of plan assets. At June 30, 2008, plan assets consisted of money market accounts and certificate of deposits.

The Community College records the plan assets and the related liability to the plan participant in an agency fund.

**Note 4 -- IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)**

The Community College participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants which mature as noted below. The warrant sizing of each participating entity is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. These accounts are reflected as restricted assets on the statement of Net Assets. A summary of the Community College's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09A	06/26/2008	06/25/2009	<u>\$ 1,701,757</u>	<u>\$ 645</u>	<u>\$ 1,688,000</u>	<u>\$ 496</u>

The Community College pledges its current unrestricted fund receipts as security for warrants issued. Repayments must be made when current unrestricted fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the Community College must repay the outstanding withdrawal from its current unrestricted fund receipts. In addition, the Community College must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 4 -- IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP) (Continued)**

ISCAP advance activity for the year ended June 30, 2008 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	\$ -	\$ 500,000	\$ 500,000	\$ -

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.468%

**Note 5 -- INVENTORIES**

The Community College's inventories at June 30, 2008 are as follows:

Bookstore	\$ 320,297
Food Service	22,176
Farm	146,563
Parts Store	32,093
Other	<u>82,567</u>
Total	<u>\$ 603,696</u>

**Note 6 -- CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 1,405,941	\$ -	\$ -	\$ 1,405,941
Construction in Progress	<u>100,133</u>	<u>36,764</u>	<u>100,133</u>	<u>36,764</u>
Total capital assets, not being depreciated	<u>1,506,074</u>	<u>36,764</u>	<u>100,133</u>	<u>1,442,705</u>
Capital assets being depreciated:				
Buildings	30,580,959	2,019,839	-	32,600,798
Other Structures and Improvements	3,164,070	103,855	-	3,267,925
Furniture and Equipment	<u>5,006,298</u>	<u>1,437,856</u>	<u>21,633</u>	<u>6,422,521</u>
Total assets, being depreciated	<u>38,751,327</u>	<u>3,561,550</u>	<u>21,633</u>	<u>42,291,244</u>
Less accumulated depreciation for:				
Buildings	9,858,026	802,253	-	10,660,279
Other Structures and Improvements	919,684	151,049	-	1,070,733
Furniture and Equipment	<u>3,148,070</u>	<u>372,146</u>	<u>10,810</u>	<u>3,509,406</u>
Total accumulated depreciation	<u>13,925,780</u>	<u>1,325,448</u>	<u>10,810</u>	<u>15,240,418</u>
Total capital assets, being depreciated, net	<u>24,825,547</u>	<u>2,236,102</u>	<u>10,823</u>	<u>27,050,826</u>
Capital asset net	<u>\$ 26,331,621</u>	<u>\$ 2,272,866</u>	<u>\$ 110,956</u>	<u>\$ 28,493,531</u>

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 6 -- CAPITAL ASSETS (Continued)**

Furniture, Machinery & Equipment of \$12,500 is included in the Unrestricted Fund.

Land of \$17,000 is included in the Agency Fund.

Other Structures and Improvements of \$72,635 are included in the Agency Fund.

On June 30, 2007, the Community College has future construction commitments of \$317,300.

Reconciliation of Investment in Capital Assets, Net of Related Debt follows:

Land	\$ 1,405,941
Buildings	32,600,798
Construction in Progress	36,764
Other Structures and Improvements	3,267,925
Furniture and Equipment	6,422,521
Accumulated Depreciation	<u>(15,240,418)</u>
Capital Assets (Net of Accumulated Depreciation)	28,493,531
Less: Bonds Payable	<u>(5,155,000)</u>
Investment in Capital Assets, Net of Related Debt	<u><u>\$ 23,338,531</u></u>

**Note 7 -- IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and Iowa Lakes Community College is required to contribute 6.05% of annual covered salary. Contribution requirements are established by state statute. Iowa Lakes Community College's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$332,480, \$294,674, and \$284,147, respectively, equal to the required contribution for each year.

**Note 8 -- TEACHERS INSURANCE AND ANNUITY ASSOCIATION -- COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Iowa Lakes Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.90% and Iowa Lakes Community College is required to contribute 6.05%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2008, were \$432,336 and \$278,696, respectively.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 9 -- CHANGES IN LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	Certificates Payable	Bonds Payable & Other Long-Term Debt	Early Retirement Payable	Total
Balance Beginning of Year	\$ 3,710,000	\$ 5,890,000	\$ 106,576	\$ 9,706,576
Additions	1,425,000	-	546,744	1,971,744
Reductions	(715,000)	(735,000)	(20,088)	(1,470,088)
Balance End of Year	<u>\$ 4,420,000</u>	<u>\$ 5,155,000</u>	<u>\$ 633,232</u>	<u>\$ 10,208,232</u>
Portion Due Within One Year	<u>\$ 895,000</u>	<u>\$ 755,000</u>	<u>\$ 341,368</u>	<u>\$ 1,991,368</u>

Certificates Payable

In accordance with agreements dated between September 1, 1996 and June 30, 2008, the Community College issued certificates totaling \$9,310,000 with interest rates ranging from 3.25% to 7.90%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2008, Iowa Lakes Community College recorded \$285,052 of interest expense from the certificates payable.

The certificates will mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	\$ 895,000	\$ 257,209	\$ 1,152,209
2010	665,000	203,265	868,265
2011	555,000	164,252	719,252
2012	595,000	133,358	728,358
2013	550,000	99,078	649,078
2014-2017	<u>1,160,000</u>	<u>145,452</u>	<u>1,305,452</u>
Total	<u>\$ 4,420,000</u>	<u>\$ 1,002,614</u>	<u>\$ 5,422,614</u>

Bonds Payable & Other Long-Term Debt

On April 1, 1998, the Community College issued \$1,600,000 in refunding revenue bonds, as allowed by Section 260C.19 of the Code of Iowa, to advance refund the 1992 dormitory bonds and to retire a bank note secured by the Estherville four-plex used to house students. The revenue bonds and interest shall be payable from the net revenues of the College Dormitory System and other auxiliary enterprises. Principal payments are due annually on June 1 and interest payments are due semi-annually on June 1 and December 1. The bonds mature June 1, 2014. The balance of this bond issue at June 30, 2008 is \$730,000.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 9 -- CHANGES IN LONG-TERM DEBT (Continued)**

Bonds Payable & Other Long-Term Debt (Continued)

On May 22, 2001, Iowa Lakes Community College issued \$3,000,000 capital loan note to finance the construction of various projects, including the addition to Spirit Lake, remodel of the Spencer Campus, construction of a technology education center, and expansion of the Estherville Student Center. The capital loan is secured by the College facilities. Annual principal payments began June 1, 2003. Interest payments are due semi-annually each June and December. The capital loan note will mature June 2012. The balance of the capital loan note at June 30, 2008, was \$1,360,000.

On June 1, 2005, Iowa Lakes Community College issued \$1,200,000 of lease purchase certificates of participation to finance the purchase of Gateway North Mall. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The certificates will mature in 2017. The balance of the certificates at June 30, 2008 was \$1,085,000.

On July 1, 2005, Iowa Lakes Community College issued \$1,000,000 capital loan note to finance the purchase of equipment. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The bond will mature in 2010. The balance of the bond at June 30, 2008 was \$420,000.

Bonds Payable & Other Long-Term Debt (Continued)

On March 1, 2006, Iowa Lakes Community College issued \$1,735,000 of dormitory revenue bonds to finance the construction of residence halls in Estherville and Spencer. Annual principal payments began June 1, 2007. Interest payments are due semi-annually each June and December. The bonds will mature in 2021. The balance of the bonds at June 30, 2008 was \$1,560,000.

Details of the Community College's June 30, 2008 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 755,000	\$ 244,604	\$ 999,604
2010	790,000	212,399	1,002,399
2011	615,000	178,049	793,049
2012	640,000	148,495	788,495
2013	285,000	117,223	402,223
2014-2018	1,625,000	370,906	1,995,906
2019-2021	<u>445,000</u>	<u>42,696</u>	<u>487,696</u>
Total	<u>\$ 5,155,000</u>	<u>\$ 1,314,372</u>	<u>\$ 6,469,372</u>

**Note 10 -- RISK POOL**

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omissions and School Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds, boiler and machinery, activities involving Federal programs, student nursing programs, computer equipment, workers compensation, surety bond coverage, farm buildings, livestock and crops, student athletics, and the aviation program. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 11 -- NEW JOBS TRAINING PROGRAMS**

Iowa Lakes Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area III in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. Since inception, the Community College has administered 76 projects. Of these projects, 36 have been completed and the certificates have been paid.

Iowa Lakes Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area III in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. The Community College has administered a total of 169 retraining projects under Chapter 260F. Of these 169 projects, 9 were performed during fiscal year 2008.

**Note 12 -- SELF-FUNDED HEALTH INSURANCE PROGRAM**

During fiscal year 1995, the Community College implemented a self-funded health insurance program. Iowa Lakes Community College pays the actual claims and has a stop-loss arrangement whereby the total losses cannot exceed the contractual maximum liability with the insurer, which is \$3,302,606.

The Community College's monthly contributions to the program fund current operations and provide capital for future claims. Monthly operating contributions are those amounts necessary to fund, on a cash basis, the programs general and administrative expenses and claims. The College uses reinsurance to reduce its exposure for losses that carries an aggregate stop loss of \$70,000 per employee covered and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). The changes in the aggregate liabilities for claims included in Reported and Unreported Insurance Claims Payable for the year ended June 30, 2008 are as follows:

Medical Reserve Fund Balance, Beginning of Year	\$ 753,294
Claims Recognized	2,748,549
Claim Payments	<u>( 2,962,437)</u>
Medical Reserve Fund Balance, End of Year	<u>\$ 539,406</u>

**Note 13 -- EARLY RETIREMENT PROGRAM**

On September 18, 2007, the Board of Trustees passed a Voluntary Early Retirement Plan. All full-time staff that were 55 years of age on June 30, 2008 and who had at least 10 years of full-time service with the Community College were eligible for early retirement remuneration. Early retirement was either effective at the end of the employee's contract or December 31, 2008. A retiring employee had the opportunity of choosing between two options. The first benefit was equal to their base salary for the last year of employment. A staff member who accepted this early retirement option received total payment on the 30<sup>th</sup> of the month following their retirement, if the benefit amount was \$12,000 or less. If the benefit amount exceeded \$12,000, payment was made in two equal payments, the first payment as earlier stated, and the second payment to be issued six months after the first payment, either January 30<sup>th</sup> or July 30<sup>th</sup>, 2009. The second benefit option involved the purchase of medical insurance for the employee at the premium at the time of the retirement until the employee is eligible for Medicare. Subsequent annual increases in premium are the responsibility of the employee.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 13 -- EARLY RETIREMENT PROGRAM (Continued)**

On November 15, 2005, the Board of Trustees also passed a Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid and no cost medical coverage to employees and spouses until age 65. At June 30, 2008 there were three employees receiving medical coverage under this plan.

At June 30, 2008, there were eight employees receiving medical coverage under these plans, with a total liability of payments and medical coverage of \$633,232. The liability is calculated based on unadjusted premium amounts to be paid over the term of each employee's involvement in the plan. The Community College's early retirement expense for the year ended June 30, 2008 was \$565,085.

**Note 14 -- SUBSEQUENT EVENTS**

Iowa Industrial New Jobs Training Program (NJTP) – On July 22, 2008, the College issued certificates totaling \$625,000 for various NJTP projects. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning in June 2010.

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## **Required Supplementary Information**

IOWA LAKES COMMUNITY COLLEGE  
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL - REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2008

Funds/Levy	Original Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 21,392,100</u>	<u>\$ 21,082,375</u>	<u>\$ 309,725</u>
Restricted	9,560,000	4,204,327	5,355,673
Early Retirement	-	565,085	(565,085)
Unemployment	10,000	20,054	(10,054)
Tort Liability	300,000	233,233	66,767
Insurance	690,000	681,619	8,381
Stand By	-	-	-
Equipment Replacement	<u>352,044</u>	<u>262,655</u>	<u>89,389</u>
Total Restricted	<u>10,912,044</u>	<u>5,966,973</u>	<u>4,945,071</u>
Plant	<u>3,700,000</u>	<u>5,487,612</u>	<u>(1,787,612)</u>
Total	<u>\$ 36,004,144</u>	<u>\$ 32,536,960</u>	<u>\$ 3,467,184</u>

See Accompanying Independent Auditor's Report

**IOWA LAKES COMMUNITY COLLEGE**  
**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY REPORTING**  
**JUNE 30, 2008**

While the College reports financial position, results of operation and changes in net assets on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures. There were no budget amendments during the year.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

The variance in the Plant Fund is attributed to a donated nacelle and debt payments.

The major differences between the budget basis and GAAP are as follows:

**Schedule of Expenditures**

	<u>Total Funds</u>
Budget Basis	\$ 40,914,532
Adjustments:	
Capital Outlay	(3,483,049)
Debt Service Payments	(735,000)
Depreciation Expense	1,325,448
Loss on Sale of Asset	10,822
Scholarship Eliminations	(3,699,692)
Other Eliminations	(447,814)
GAAP Basis	<u>\$ 33,885,247</u>

## **Other Supplementary Information**

**IOWA LAKES COMMUNITY COLLEGE**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2008**

Other supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds -- The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund -- The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the Community College.

Restricted Fund -- The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds -- The Loan Funds are used to account for loans to students, and are financed primarily by the Federal government.

Endowment -- The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds -- The Plant Funds are used to account for transactions relating to investment in the Community College properties, and consist of the following self-balancing subfunds:

Unexpended -- This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness -- This account is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant -- This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds -- The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

Statements presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balances is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**IOWA LAKES COMMUNITY COLLEGE**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2008**

	Current Funds		Loan
	Unrestricted	Restricted	Funds
<b>ASSETS:</b>			
Cash and Pooled Investments:			
Cash and Pooled Investments	\$ 934,719	\$ 6,591,391	\$ 6,570
ISCAP Investments	1,701,757	-	-
Deferred Compensation	-	-	-
Receivables:			
Due from Others	729,276	166,163	4,140
Accrued Interest	23,357	7,566	-
Property Taxes - Succeeding Year	861,000	1,503,000	-
Nursing Loans	-	-	6,305
Iowa Industrial New Jobs Training Program	-	560,873	-
Due From Other Funds	-	102,291	-
Due From Other Governments	184,598	210,903	-
Inventories	602,523	-	-
Prepaid Expenses	119,564	796	-
Capital Assets:			
Land	-	-	-
Buildings	-	-	-
Other Structures and Improvements	-	-	-
Furniture and Equipment	12,500	-	-
Construction in Progress	36,764	-	-
Accumulated Depreciation	-	-	-
Total Assets	<u>\$ 5,206,058</u>	<u>\$ 9,142,983</u>	<u>\$ 17,015</u>

## SCHEDULE 1

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ 3,430,288	\$ (158,524)	\$ 152,968	\$ -	\$ 644,437	\$ -	\$ 11,601,849
-	-	-	-	-	-	1,701,757
-	-	-	-	68,826	-	68,826
-	-	-	-	55,891	-	955,470
2,503	34,977	-	-	6,636	-	75,039
-	-	861,000	-	-	-	3,225,000
-	-	-	-	-	-	6,305
-	-	-	-	-	-	560,873
-	-	-	-	-	(102,291)	-
-	431,831	-	-	-	-	827,332
-	1,173	-	-	-	-	603,696
-	111	-	-	3,491	-	123,962
17,000	-	-	1,388,941	-	-	1,405,941
-	-	-	32,600,798	-	-	32,600,798
72,635	-	-	3,195,290	-	-	3,267,925
-	-	-	6,410,021	-	-	6,422,521
-	-	-	-	-	-	36,764
-	-	-	-	-	(15,240,418)	(15,240,418)
<u>\$ 3,522,426</u>	<u>\$ 309,568</u>	<u>\$ 1,013,968</u>	<u>\$ 43,595,050</u>	<u>\$ 779,281</u>	<u>\$ (15,342,709)</u>	<u>\$ 48,243,640</u>

**IOWA LAKES COMMUNITY COLLEGE  
COMBINING BALANCE SHEET  
JUNE 30, 2008**

	Current Funds		Loan
	Unrestricted	Restricted	Funds
<b>LIABILITIES AND FUND EQUITY:</b>			
Liabilities:			
Accounts Payable	\$ 342,940	\$ 133,864	\$ -
Salaries and Benefits Payable	698,343	3,530	-
Deferred Compensation	-	-	-
Accrued Interest	5,579	21,434	-
ISCAP Warrants Payable	1,688,000	-	-
Due to Other Funds	-	-	-
Deferred Revenue:			
Succeeding Year Property Tax	861,000	1,503,000	-
Other	406,413	664,104	-
Early Retirement Payable	-	633,232	-
Deposits Held in Custody for Others	52,616	-	-
Due to Others	44,200	-	-
Reported and Unreported Insurance Claims Payable	539,406	-	-
Certificates Payable	-	4,420,000	-
Bonds and Other Long-Term Debt	-	-	-
Total Liabilities	4,638,497	7,379,164	-
Fund Balance:			
Invested in Capital Assets, Net of Related Debt	49,264	-	-
Fund Balances:			
Restricted:			
Nonexpendable:			
Scholarships	-	-	-
Expendable:			
Scholarships	-	1,124,107	-
Loans	-	-	17,015
Debt Service	-	-	-
Cash Reserve	-	286,030	-
Other	-	353,682	-
Unrestricted	1,488,371	-	-
Auxiliary Enterprises	(970,074)	-	-
Total Fund Balance	567,561	1,763,819	17,015
Total Liabilities and Fund Balance	\$ 5,206,058	\$ 9,142,983	\$ 17,015



## SCHEDULE 1

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476,804
-	-	-	-	-	-	701,873
-	-	-	-	68,826	-	68,826
-	12,203	3,163	-	-	-	42,379
-	-	-	-	-	-	1,688,000
102,291	-	-	-	-	(102,291)	-
-	-	861,000	-	-	-	3,225,000
-	-	-	-	-	-	1,070,517
-	-	-	-	-	-	633,232
-	-	-	-	709,611	-	762,227
-	-	-	-	844	-	45,044
-	-	-	-	-	-	539,406
-	-	-	-	-	-	4,420,000
-	-	-	5,155,000	-	-	5,155,000
102,291	12,203	864,163	5,155,000	779,281	(102,291)	18,828,308
89,635	-	-	38,440,050	-	(15,240,418)	23,338,531
3,330,500	-	-	-	-	-	3,330,500
-	-	-	-	-	-	1,124,107
-	-	-	-	-	-	17,015
-	-	149,805	-	-	-	149,805
-	-	-	-	-	-	286,030
-	-	-	-	-	-	353,682
-	297,365	-	-	-	-	1,785,736
-	-	-	-	-	-	(970,074)
3,420,135	297,365	149,805	38,440,050	-	(15,240,418)	29,415,332
<u>\$ 3,522,426</u>	<u>\$ 309,568</u>	<u>\$ 1,013,968</u>	<u>\$ 43,595,050</u>	<u>\$ 779,281</u>	<u>\$ (15,342,709)</u>	<u>\$ 48,243,640</u>

IOWA LAKES COMMUNITY COLLEGE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2008

	Current Funds		Loan
	Unrestricted	Restricted	Funds
<b>REVENUES AND OTHER ADDITIONS:</b>			
General:			
State Appropriations and Grants	\$ 8,635,884	\$ 839,051	\$ -
Tuition and Fees	8,624,320	-	-
Property Taxes	782,281	1,298,133	-
Federal Appropriations and Grants	440,439	4,753,126	-
Gifts and Grants	-	696,176	-
Interest on Investments	-	277,765	-
Interest on Student Loans	-	-	662
Iowa Industrial New Jobs Training Program	-	1,306,979	-
Expended for Plant Facilities (Including \$216,845 charged to current funds)	-	-	-
Principal Retired	-	-	-
Miscellaneous	1,939,395	338,831	-
	<u>20,422,319</u>	<u>9,510,061</u>	<u>662</u>
Auxiliary Enterprises			
Tuition and Fees	601,538	-	-
Sales and Services	4,182,130	-	-
Interest on Investments	78,394	-	-
Federal Grants and Contracts	40,099	-	-
Miscellaneous	1,099,370	-	-
	<u>6,001,531</u>	<u>-</u>	<u>-</u>
Foundation Revenue, Gains & Support	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Additions	<u>\$ 26,423,850</u>	<u>\$ 9,510,061</u>	<u>\$ 662</u>

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ 1,011,017	\$ -	\$ -	\$ -	\$ 10,485,952
-	-	-	-	(2,960,123)	5,664,197
-	398,558	383,723	-	-	2,862,695
-	-	-	-	-	5,193,565
-	1,182,889	-	-	-	1,879,065
-	139,580	8,238	-	-	425,583
-	-	-	-	-	662
-	-	-	-	-	1,306,979
-	-	-	3,461,417	(3,461,417)	-
-	-	-	735,000	(735,000)	-
-	-	-	-	-	2,278,226
-	<u>2,732,044</u>	<u>391,961</u>	<u>4,196,417</u>	<u>(7,156,540)</u>	<u>30,096,924</u>
-	-	-	-	-	601,538
-	-	-	-	(1,023,806)	3,158,324
-	-	-	-	-	78,394
-	-	-	-	-	40,099
-	-	-	-	(163,577)	935,793
-	-	-	-	<u>(1,187,383)</u>	<u>4,814,148</u>
402,509	-	-	-	-	402,509
<u>\$ 402,509</u>	<u>\$ 2,732,044</u>	<u>\$ 391,961</u>	<u>\$ 4,196,417</u>	<u>\$ (8,343,923)</u>	<u>\$ 35,313,581</u>

**IOWA LAKES COMMUNITY COLLEGE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2008**

	Current Funds		Loan
	Unrestricted	Restricted	Funds
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>			
Educational and Support:			
Liberal Arts and Sciences	\$ 6,218,529	\$ -	\$ -
Vocational Technical	4,222,452	-	-
Adult Education	835,182	-	-
Cooperative Services	1,078,981	1,021,927	-
Administration	998,320	1,499,991	-
Student Services	1,609,283	-	-
Learning Resources	1,439,011	-	-
Physical Plant	1,680,835	152,835	-
General Institution	2,226,137	2,513,086	-
Total Education and Support	20,308,730	5,187,839	-
Auxiliary Enterprises	5,204,675	-	-
Scholarships and Grants	-	4,192,721	-
Administration and Collection Costs	-	-	536
Plant Asset Acquisitions	-	-	-
Retirement of Indebtedness	-	-	-
Disposal of Plant Assets	-	-	-
Loss on Sale of Capital Assets	-	-	-
Interest on Indebtedness	-	285,052	-
Depreciation	-	-	-
Foundation Program and Supporting Services	-	-	-
Total Expenditures and Other Deductions	25,513,405	9,665,612	536
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	910,445	(155,551)	126
<b>TRANSFERS:</b>			
Mandatory Transfers	(399,965)	(109,820)	-
Non-mandatory Transfers	(871,515)	(43,759)	-
Total Transfers	(1,271,480)	(153,579)	-
Net Increase (Decrease) for the Year	(361,035)	(309,130)	126
Fund Balance - June 30, 2007	928,596	2,072,949	16,889
Fund Balance - June 30, 2008	\$ 567,561	\$ 1,763,819	\$ 17,015

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ -	\$ -	\$ -	\$ (55,314)	\$ 6,163,215
-	-	-	-	(239,340)	3,983,112
-	-	-	-	(23,579)	811,603
-	-	-	-	(6,179)	2,094,729
-	-	-	-	(2,624)	2,495,687
-	-	-	-	(48,763)	1,560,520
-	-	-	-	(20,895)	1,418,116
-	-	-	-	(76,862)	1,756,808
-	1,224,415	-	-	(50,977)	5,912,661
-	1,224,415	-	-	(524,533)	26,196,451
-	-	-	-	(180,125)	5,024,550
-	-	-	-	(3,699,692)	493,029
-	-	612	-	-	1,148
-	3,244,572	-	-	(3,244,572)	-
-	-	695,000	-	(695,000)	-
-	-	-	21,633	(21,633)	-
-	-	-	-	10,822	10,822
-	-	211,477	-	-	496,529
-	-	-	-	1,325,448	1,325,448
337,270	-	-	-	-	337,270
337,270	4,468,987	907,089	21,633	(7,029,285)	33,885,247
65,239	(1,736,943)	(515,128)	4,174,784	(1,314,638)	1,428,334
-	-	509,785	-	-	-
-	915,274	-	-	-	-
-	915,274	509,785	-	-	-
65,239	(821,669)	(5,343)	4,174,784	(1,314,638)	1,428,334
3,354,896	1,119,034	155,148	34,265,266	(13,925,780)	27,986,998
\$ 3,420,135	\$ 297,365	\$ 149,805	\$ 38,440,050	\$ (15,240,418)	\$ 29,415,332

**IOWA LAKES COMMUNITY COLLEGE  
CURRENT UNRESTRICTED FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
YEAR ENDED JUNE 30, 2008**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
<b>REVENUES:</b>				
State Appropriations and Grants	\$ -	\$ -	\$ -	\$ -
Tuition and Fees	5,037,780	1,975,360	522,401	732,328
Property Taxes	-	-	-	-
Federal Grants and Contracts	-	254,692	113,508	-
Miscellaneous	1,146,427	33,051	39,010	18,650
	<u>6,184,207</u>	<u>2,263,103</u>	<u>674,919</u>	<u>750,978</u>
Allocation of Support Services	5,616,347	4,319,861	612,903	-
	<u>11,800,554</u>	<u>6,582,964</u>	<u>1,287,822</u>	<u>750,978</u>
<b>Total Revenues</b>				
	11,800,554	6,582,964	1,287,822	750,978
<b>EXPENDITURES:</b>				
Salaries and Benefits	4,922,342	3,690,736	582,044	1,016,932
Services	1,150,018	123,683	181,511	14,198
Materials and Supplies	62,070	191,626	39,493	9,963
Travel	70,979	123,649	15,832	11,604
Expended for Plant Facilities	13,120	79,639	-	-
Miscellaneous	-	13,119	16,302	26,284
	<u>6,218,529</u>	<u>4,222,452</u>	<u>835,182</u>	<u>1,078,981</u>
Allocation of Support Services	4,234,489	3,256,993	462,103	-
	<u>10,453,018</u>	<u>7,479,445</u>	<u>1,297,285</u>	<u>1,078,981</u>
<b>Total Expenditures</b>				
	10,453,018	7,479,445	1,297,285	1,078,981
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	1,347,536	(896,481)	(9,463)	(328,003)
<b>TRANSFERS:</b>				
Non-mandatory Transfers	-	-	110,000	75,000
	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>75,000</u>
<b>Total Transfers</b>				
	-	-	110,000	75,000
<b>Net Increase (Decrease) for the Year</b>				
	<u>\$ 1,347,536</u>	<u>\$ (896,481)</u>	<u>\$ 100,537</u>	<u>\$ (253,003)</u>

Note: The support services allocations are based on the percentage of contact hours reported.

SCHEDULE 3

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Support Total
\$ -	\$ -	\$ 313	\$ 1,767	\$ 8,633,804	\$ 8,635,884
-	-	195	-	356,256	8,624,320
-	-	-	-	782,281	782,281
-	-	-	-	72,239	440,439
25	-	329	34,427	667,476	1,939,395
25	-	837	36,194	10,512,056	20,422,319
(25)	-	(837)	(36,194)	(10,512,056)	-
-	-	-	-	-	20,422,319
897,654	1,419,459	1,125,428	1,192,143	1,272,950	16,119,688
42,680	100,290	84,280	283,022	806,286	2,785,968
8,122	20,537	192,399	175,220	39,498	738,928
49,864	68,997	19,948	28,248	65,841	454,962
-	-	16,956	-	-	109,715
-	-	-	2,202	41,562	99,469
998,320	1,609,283	1,439,011	1,680,835	2,226,137	20,308,730
(998,320)	(1,609,283)	(1,439,011)	(1,680,835)	(2,226,137)	-
-	-	-	-	-	20,308,730
-	-	-	-	-	113,589
15,000	(187)	(58,800)	(670)	(699,331)	(558,988)
15,000	(187)	(58,800)	(670)	(699,331)	(558,988)
\$ 15,000	\$ (187)	\$ (58,800)	\$ (670)	\$ (699,331)	(445,399)
Fund Balance June 30, 2007					1,970,534
Fund Balance June 30, 2008					\$ 1,525,135

**IOWA LAKES COMMUNITY COLLEGE  
CURRENT UNRESTRICTED FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
YEAR ENDED JUNE 30, 2008**

	Bookstore	Food Services	Wellness Center	Farm	Athletics	Residence Halls
<b>REVENUES:</b>						
Sales and Services	\$ 1,502,288	\$ 1,015,992	\$ 121,689	\$ 248,876	\$ -	\$ 863,102
Interest on Investments	-	-	51,795	-	13	-
Tuition and Fees	-	-	8,782	12,087	23,860	-
Federal Grants and Contracts	-	3,148	8,504	5,203	-	-
Miscellaneous	115	12,831	105,424	4,262	54,900	11,298
<b>Total Revenues</b>	<b>1,502,403</b>	<b>1,031,971</b>	<b>296,194</b>	<b>270,428</b>	<b>78,773</b>	<b>874,400</b>
<b>EXPENDITURES:</b>						
Salaries and Benefits	186,002	546,827	215,253	-	5,166	196,291
Services	54,607	91,019	14,989	106,954	40,773	155,921
Materials and Supplies	7,105	40,385	18,454	113,740	81,780	44,437
Travel	5,863	4,109	2,165	8,664	150,373	818
Expended for Plant Facilities	-	-	-	9,450	8,700	-
Cost of Goods Sold	1,087,728	380,610	971	(2,558)	11,494	-
Miscellaneous	-	-	-	-	-	2,662
<b>Total Expenditures</b>	<b>1,341,305</b>	<b>1,062,950</b>	<b>251,832</b>	<b>236,250</b>	<b>298,286</b>	<b>400,129</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	161,098	(30,979)	44,362	34,178	(219,513)	474,271
<b>TRANSFERS:</b>						
Mandatory Transfers	-	-	-	-	-	(369,214)
Non-mandatory Transfers	(2,574)	-	(39,605)	2,870	216,031	(357,659)
<b>Total Transfers</b>	<b>(2,574)</b>	<b>-</b>	<b>(39,605)</b>	<b>2,870</b>	<b>216,031</b>	<b>(726,873)</b>
Net Increase (Decrease) for the Year	158,524	(30,979)	4,757	37,048	(3,482)	(252,602)
Fund Balance (Deficit) June 30, 2007	(221,956)	209,163	11,152	(72,033)	11,004	(332,558)
Fund Balance (Deficit) June 30, 2008	<u>\$ (63,432)</u>	<u>\$ 178,184</u>	<u>\$ 15,909</u>	<u>\$ (34,985)</u>	<u>\$ 7,522</u>	<u>\$ (585,160)</u>



SCHEDULE 4

Aviation	Parts	Printing	Vehicles	Wind Turbine	Gateway North	Miscellaneous	Total
\$ -	\$ 128,457	\$ 106,171	\$ -	\$ -	\$ 169,897	\$ 25,658	\$ 4,182,130
-	-	-	-	-	5,905	20,681	78,394
165,071	-	-	-	17,453	-	374,285	601,538
-	-	-	-	23,244	-	-	40,099
3,664	25,001	3,512	134,033	199,654	425,905	118,771	1,099,370
168,735	153,458	109,683	134,033	240,351	601,707	539,395	6,001,531
33,877	60,880	57,399	-	9,562	36,268	8,459	1,355,984
4,488	3,688	177	721	14,630	409,274	147,833	1,045,074
115,842	(77,513)	52,924	81,039	16,608	6,950	245,719	747,470
928	632	-	9,239	479	2,179	21,476	206,925
-	-	-	27,410	-	-	(2,021)	43,539
-	164,435	26,158	-	-	-	10,625	1,679,463
-	-	-	-	-	123,180	378	126,220
155,135	152,122	136,658	118,409	41,279	577,851	432,469	5,204,675
13,600	1,336	(26,975)	15,624	199,072	23,856	106,926	796,856
(30,751)	-	-	-	-	-	-	(399,965)
-	168	-	-	(21,785)	57	(110,030)	(312,527)
-	168	-	-	(21,785)	57	(110,030)	(712,492)
13,600	1,504	(26,975)	15,624	177,287	23,913	(3,104)	84,364
(169,979)	(6,381)	(182,395)	3,795	(903,427)	97,026	514,651	(1,041,938)
<u>\$ (156,379)</u>	<u>\$ (4,877)</u>	<u>\$ (209,370)</u>	<u>\$ 19,419</u>	<u>\$ (726,140)</u>	<u>\$ 120,939</u>	<u>\$ 511,547</u>	<u>\$ (957,574)</u>

**IOWA LAKES COMMUNITY COLLEGE  
CURRENT RESTRICTED FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2008**

	Scholarships and Grants	Equipment Replacement	Insurance
<b>REVENUES:</b>			
State Appropriations	\$ 253,503	\$ -	\$ -
Property Taxes	-	347,556	934,698
Federal Appropriations and Grants	2,821,799	-	-
Scholarships, Grants, and Gifts	640,509	-	-
Interest on Investments	109,215	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	223,498	-	19,136
	<u>4,048,524</u>	<u>347,556</u>	<u>953,834</u>
Total Revenues and Other Additions	4,048,524	347,556	953,834
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>			
Salaries and Benefits	-	-	142,407
Services	-	17,181	772,445
Materials and Supplies	-	121,221	-
Travel	-	-	-
Expended for Plant Facilities	-	14,433	-
Interest on Indebtedness	-	-	-
Federal Pell Grant Program	2,709,059	-	-
Federal Supplemental Educational Opportunity Grant	82,713	-	-
Iowa College Student Aid Commission	159,077	-	-
Private Scholarships	1,241,872	-	-
	<u>4,192,721</u>	<u>152,835</u>	<u>914,852</u>
Total Expenditures and Other Deductions	4,192,721	152,835	914,852
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	(144,197)	194,721	38,982
<b>TRANSFERS:</b>			
Mandatory Transfers	-	(109,820)	-
Non-mandatory Transfers	194,684	-	-
Total Transfers	<u>194,684</u>	<u>(109,820)</u>	<u>-</u>
Net Increase (Decrease) for the Year	50,487	84,901	38,982
Fund Balance (Deficit) June 30, 2007	<u>1,073,620</u>	<u>62,506</u>	<u>81,849</u>
Fund Balance (Deficit) June 30, 2008	<u>\$ 1,124,107</u>	<u>\$ 147,407</u>	<u>\$ 120,831</u>

SCHEDULE 5

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ 585,548	\$ 839,051
11,851	4,028	-	-	-	1,298,133
-	-	-	-	1,931,327	4,753,126
-	-	-	-	55,667	696,176
-	-	-	-	168,550	277,765
-	-	-	1,306,979	-	1,306,979
-	-	-	-	96,197	338,831
11,851	4,028	-	1,306,979	2,837,289	9,510,061
20,054	565,085	-	-	1,391,291	2,118,837
-	-	-	1,021,927	467,496	2,279,049
-	-	-	-	342,942	464,163
-	-	-	-	158,865	158,865
-	-	-	-	44,167	58,600
-	-	-	285,052	-	285,052
-	-	-	-	-	2,709,059
-	-	-	-	-	82,713
-	-	-	-	-	159,077
-	-	-	-	108,325	1,350,197
20,054	565,085	-	1,306,979	2,513,086	9,665,612
(8,203)	(561,057)	-	-	324,203	(155,551)
-	-	-	-	-	(109,820)
-	-	-	-	(238,443)	(43,759)
-	-	-	-	(238,443)	(153,579)
(8,203)	(561,057)	-	-	85,760	(309,130)
(1,424)	(8,335)	286,030	-	578,703	2,072,949
\$ (9,627)	\$ (569,392)	\$ 286,030	\$ -	\$ 664,463	\$ 1,763,819

**IOWA LAKES COMMUNITY COLLEGE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
YEAR ENDED JUNE 30, 2008**

	Iowa Small Business New Jobs Training Program	Student Organizations	Emmetsburg Scholarship Fund	ACCES
Balance June 30, 2007	\$ 30,525	\$ 173,258	\$ 271,555	\$ 95,134
<b>ADDITIONS:</b>				
State Appropriations and Grants	153,326	-	-	-
Tuition and Fees	-	64,609	-	-
Sales and Services	-	-	-	-
Interest on Investments	-	1	11,577	-
Miscellaneous	-	135,684	39,007	1,651,399
Total Additions	153,326	200,294	50,584	1,651,399
<b>DEDUCTIONS:</b>				
Salaries and Benefits	-	11,594	-	-
Services	135,589	67,271	843	903,824
Materials and Supplies	-	33,881	251	-
Travel	-	73,481	-	-
Cost of Sales	-	15,525	-	-
Miscellaneous	16,100	1,156	37,463	699,657
Total Deductions	151,689	202,908	38,557	1,603,481
Balance June 30, 2008	\$ 32,162	\$ 170,644	\$ 283,582	\$ 143,052

Miscellaneous	Total
\$ 5,890	\$ 576,362
-	153,326
83	64,692
-	-
-	11,578
120,391	1,946,481
120,474	2,176,077
-	11,594
19,091	1,126,618
6,834	40,966
19,972	93,453
-	15,525
296	754,672
46,193	2,042,828
\$ 80,171	\$ 709,611

**IOWA LAKES COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET**  
**IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM**  
**YEAR ENDED JUNE 30, 2008**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
GKN/Armstrong RW III	\$ -	\$ -	\$ -	\$ -
Perry Judd Corp	-	-	-	-
Skyjack Manufacturing VII	-	-	-	-
Polaris Industries, LP V	-	-	-	-
Eaton Corp	-	-	-	-
Marketlink I	-	-	-	-
Rosenboom Machinery	-	-	750	750
Outdoor Technology II	-	-	-	-
Institutional Equipment	-	-	-	-
Veridian Limited	-	-	-	-
GKN Armstrong	-	-	-	-
Eaton Corp II	-	-	-	-
Rosenboom Machinery	-	-	525	525
Pure Fishing	-	-	-	-
Pharmacists Mutual	-	-	-	-
Midwest Grain Processors	-	-	700	700
GKN Armstrong	-	-	-	-
AFECO, Inc.	-	-	-	-
KLM Acquisition Corp.	-	-	197	197
Merkel Fruedenburg	-	-	275	275
Polaris VI	143,997	-	-	143,997
Pure Fishing	-	-	350	350
Quality Processing	-	-	700	700
Shine Brothers	12,592	-	-	12,592
Country Maid Inc	-	-	-	-
Pharmacists Mutual II	-	-	-	-
GKN Armstrong V	-	-	-	-
Pure Fishing V	-	-	-	-
Voyager Ethanol	40,822	-	-	40,822
GKN Armstrong VI	-	-	-	-
Hydrogen Engine	-	-	-	-
KLM Acquisition Corp	9,577	-	-	9,577
Pharmacist Mutual III	58,350	-	-	58,350
Pure Fishing VI	-	-	-	-
East Fork Biodiesel	94,467	-	2,330	96,797
Easy Energy Systems	121,356	-	1,992	123,348
Eaton Corp II	319,862	-	3,253	323,115
Pharmacists Mutual IV	64,613	-	1,187	65,800
Snap On Logistics Comp	54,530	-	1,481	56,011
Superior Ethanol	85,690	-	2,330	88,020
Total	\$ 1,005,856	\$ -	\$ 16,070	\$ 1,021,926

Retirement Costs							
		Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Budgeted Expenditures	Total Budgeted Expenditures	Budget	
Debt	Interest						
\$ 15,000	\$ 2,049	\$ 17,049	\$ 17,049	\$ 105,629	\$ 105,629	\$ 120,000	
10,000	1,366	11,366	11,366	58,142	58,142	75,000	
25,000	3,415	28,415	28,415	98,314	98,314	205,000	
10,000	1,366	11,366	11,366	47,365	47,365	75,000	
60,000	8,195	68,195	68,195	267,084	267,084	435,000	
5,000	1,040	6,040	6,040	56,660	56,660	65,000	
75,000	10,600	86,350	85,600	195,388	196,138	580,000	
10,000	1,724	11,724	11,724	24,418	24,418	100,000	
10,000	2,232	12,232	12,232	49,260	49,260	75,000	
15,000	3,348	18,348	18,348	49,356	49,356	105,000	
15,000	4,115	19,115	19,115	350	350	140,000	
25,000	5,964	30,964	30,964	-	-	205,000	
25,000	5,964	31,489	30,964	92,189	92,714	215,000	
25,000	5,579	30,579	30,579	124,792	124,792	190,000	
10,000	4,280	14,280	14,280	118,853	118,853	120,000	
20,000	7,888	28,588	27,888	224,599	225,299	225,000	
20,000	7,210	27,210	27,210	198,087	198,087	200,000	
15,000	5,239	20,239	20,239	74,261	74,261	130,000	
10,000	3,116	13,313	13,116	76,715	76,912	80,000	
20,000	7,069	27,344	27,069	146,529	146,804	190,000	
50,000	18,432	212,429	68,432	345,008	489,005	485,000	
10,000	3,998	14,348	13,998	104,172	104,522	105,000	
35,000	15,299	50,999	50,299	364,741	365,441	365,000	
5,000	3,571	21,163	8,571	72,758	85,350	85,000	
5,000	1,743	6,743	6,743	44,856	44,856	45,000	
10,000	5,163	15,163	15,163	126,121	126,121	130,000	
15,000	6,136	21,136	21,136	151,505	151,505	155,000	
15,000	7,396	22,396	22,396	194,376	194,376	195,000	
15,000	7,418	63,240	22,418	107,487	148,309	190,000	
15,000	6,298	21,298	21,298	143,342	143,342	145,000	
15,000	7,328	22,328	22,328	123,213	123,213	160,000	
35,000	12,321	56,898	47,321	155,944	165,521	290,000	
25,000	8,811	92,161	33,811	144,345	202,695	205,000	
45,000	18,162	63,162	63,162	445,046	445,046	450,000	
-	13,743	110,540	13,743	-	96,797	275,000	
-	11,774	135,122	11,774	-	123,348	235,000	
-	16,219	339,334	16,219	-	323,115	325,000	
-	7,005	72,805	7,005	-	65,800	140,000	
-	8,710	64,721	8,710	-	56,011	175,000	
-	13,767	101,787	13,767	-	88,020	275,000	
\$ 715,000	\$ 285,053	\$ 2,021,979	\$ 1,000,053	\$ 4,530,905	\$ 5,552,831	\$ 7,960,000	

IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
IOWA JOBS TRAINING PROGRAM  
YEAR ENDED JUNE 30, 2008

Project Costs				
Project Name	Training and Wages	Administration	Legal and Issue Costs	Subtotal
Klaussner Corporate Services, Inc.	\$ 19,000	\$ 4,150	\$ -	\$ 23,150
Art's-Way Manufacturing Co., Inc.	20,500	4,500	-	25,000
Sbemco International, Inc.	10,000	2,000	-	12,000
Skyjack Equipment, Inc.	21,000	4,000	-	25,000
Cadre Teleservices	9,276	2,000	-	11,276
Country Maid, Inc.	12,300	2,700	-	15,000
Wheat Be Gone, Inc.	4,000	900	-	4,900
Choice Technologies	10,000	2,000	-	12,000
Smarts Broadcast Systems	20,500	4,500	-	25,000
Total	<u>\$ 126,576</u>	<u>\$ 26,750</u>	<u>\$ -</u>	<u>\$ 153,326</u>



Retirement Costs							
Debt	Interest	Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Budgeted Expenditures	Total Budgeted Expenditures	Budget	
\$ -	\$ -	\$ 23,150	\$ -	\$ -	\$ 23,150	\$	23,150
-	-	-	-	-	25,000		25,000
-	-	4,838	-	-	12,000		12,000
-	-	25,000	-	-	25,000		25,000
-	-	11,276	-	-	11,276		11,276
-	-	15,000	-	-	15,000		15,000
-	-	4,900	-	-	4,900		4,900
-	-	12,000	-	-	12,000		12,000
-	-	25,000	-	-	25,000		25,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,326</u>	<u>\$</u>	<u>153,326</u>

IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
YEAR ENDED JUNE 30, 2008

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	42,594	-	42,594	885,714	-	885,714
Vocational Preparatory	26,821	-	26,821	681,229	-	681,229
Adult Education	-	-	-	83,578	13,156	96,734
Cooperative Programs	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	-	-
Total	<u>69,415</u>	<u>-</u>	<u>69,415</u>	<u>1,650,521</u>	<u>13,156</u>	<u>1,663,677</u>

IOWA LAKES COMMUNITY COLLEGE  
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES  
LAST FOUR YEARS

	Years Ended June 30,			
	2008	2007	2006	2005
Local (Property Tax)	\$ 2,862,695	\$ 3,206,033	\$ 2,716,060	\$ 2,466,198
State	10,485,952	9,452,328	8,866,106	8,179,334
Federal	<u>5,233,664</u>	<u>5,085,049</u>	<u>5,765,613</u>	<u>5,180,070</u>
Total	<u>\$ 18,582,311</u>	<u>\$ 17,743,410</u>	<u>\$ 17,347,779</u>	<u>\$ 15,825,602</u>

**IOWA LAKES COMMUNITY COLLEGE**  
**CURRENT FUND (UNRESTRICTED AND RESTRICTED) REVENUES BY SOURCE**  
**LAST SIX YEARS**

	Years Ended June 30,					
	2008	2007	2006	2005	2004	2003
State Appropriations	\$ 9,474,935	\$ 8,732,997	\$ 8,395,040	\$ 8,179,334	\$ 7,590,848	\$ 7,521,236
Tuition and Fees	9,225,858	9,217,809	8,560,998	8,765,233	8,369,925	7,439,641
Property Tax	2,080,414	2,426,144	2,009,864	1,772,283	1,967,436	2,010,311
Federal Appropriations	5,233,664	5,085,049	5,765,613	5,180,070	4,831,481	4,440,732
Interest on Investments	356,159	379,505	321,253	219,453	146,656	161,314
Iowa Industrial New Jobs Training Program	1,306,979	609,046	1,386,733	1,186,301	982,804	632,145
Auxiliary Enterprises	5,281,500	5,254,383	4,726,313	4,263,240	3,551,441	3,347,077
Miscellaneous	2,974,402	2,836,702	2,685,777	2,468,845	2,188,361	1,560,415
Total	<u>\$ 35,933,911</u>	<u>\$ 34,541,635</u>	<u>\$ 33,851,591</u>	<u>\$ 32,034,759</u>	<u>\$ 29,628,952</u>	<u>\$ 27,112,871</u>

**IOWA LAKES COMMUNITY COLLEGE**  
**CURRENT FUND (UNRESTRICTED AND RESTRICTED) EXPENDITURES BY FUNCTION**  
**LAST SIX YEARS**

	Years Ended June 30,					
	2008	2007	2006	2005	2004	2003
Liberal Arts and Sciences	\$ 6,218,529	\$ 5,854,390	\$ 5,557,072	\$ 5,281,128	\$ 4,879,702	\$ 4,345,474
Vocational Technical	4,222,452	3,961,474	3,594,393	3,464,605	2,963,652	2,589,557
Adult Education	835,182	786,093	814,965	812,132	783,479	748,170
Cooperative Services	1,078,981	1,029,777	1,218,726	1,341,078	1,290,784	1,198,384
Administration	998,320	907,986	913,293	853,202	786,789	754,271
Student Services	1,609,283	1,410,637	1,343,883	1,231,922	1,207,807	1,153,824
Learning Resources	1,439,011	1,355,360	1,001,229	906,724	848,195	785,617
Physical Plant	1,680,835	1,616,294	1,530,164	1,574,406	2,015,411	1,771,813
General Institution	2,226,137	2,329,662	2,177,966	2,767,784	2,039,440	2,141,051
Auxiliary Enterprises	5,204,675	5,232,653	4,832,100	6,329,189	3,648,457	3,344,599
Scholarships and Grants	4,192,721	3,941,496	3,720,692	3,973,499	3,878,501	3,231,699
Equipment Replacement	152,835	224,088	204,927	116,123	173,185	120,244
Insurance	914,852	860,579	993,375	840,352	845,122	750,587
Unemployment Compensation	20,054	10,891	9,028	2,571	788	20,702
Iowa Industrial New Jobs Training Program	1,021,927	353,576	1,107,391	850,502	805,468	408,538
Miscellaneous	3,078,171	2,298,495	2,962,567	2,022,790	2,074,821	1,827,274
Interest on Indebtness	285,052	255,470	280,091	274,346	272,042	245,772
Total	<u>\$35,179,017</u>	<u>\$32,428,921</u>	<u>\$32,261,862</u>	<u>\$ 32,642,353</u>	<u>\$28,513,643</u>	<u>\$ 25,437,576</u>

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IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
<b>DIRECT:</b>			
U.S. Department of Agriculture:			
Production Flexibility Payments	10.055	\$ 5,203	\$ -
Total Direct - U.S. Department of Agriculture		5,203	-
U.S. Department of Education:			
Student Financial Aid - Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	82,713	-
Federal Family Education Loans	84.032	-	6,093,876
Federal Work-Study Program (FWS)	84.033	86,260	-
Federal Pell Grant Program	84.063	2,709,059	-
Academic Competitiveness Grant	84.375	38,050	-
Total Student Financial Aid Cluster		2,916,082	6,093,876
Title III - Higher Education Institutional Aid	84.031A	302,713	-
TRIO - Cluster:			
Student Supported Services - Aspires	84.042A	295,627	-
Talent Search	84.044	375,859	-
Upward Bound	84.047	377,768	-
Total TRIO Cluster		1,049,254	-
Total Direct U.S. Department of Education		4,268,049	-
Corporation for National and Community Services:			
Retired Senior Volunteer Program	94.002	105,926	-
National Science Foundation	47.076	278,158	-
U.S. Department of Energy - Renewable Energy Research & Development	81.087	23,244	-
U.S. Department of Labor - Mine Health and Safety Grants	17.600	525	-
Total Direct Expenditures		4,681,105	6,093,876
<b>INDIRECT:</b>			
Small Business Administration:			
Indirect Through Iowa State University:			
Small Business Development Center	59.037	39,398	-
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
Adult Education - State Grant Program	84.002	112,983	-
Teacher Quality Enhancement Grant	84.336	6,977	-
Vocational Education - Basic Grants to States, Title II-C,			
Carl Perkins III	84.048	312,513	-
Tech Prep - Perkins Vocational Aid	84.243	68,399	-
		500,872	-
U.S. Department of Agriculture:			
Indirect Through Iowa Department of Nutrition:			
Child Nutrition Admin, Milk & SFSP	10.556	5,722	-
U.S. Department of Labor:			
Indirect Through Iowa Workforce Development:			
Family Literacy Grant	17.267	10,150	-
Total Indirect Expenditures		556,142	-
Total Direct and Indirect Expenditures		\$ 5,237,247	\$ 6,093,876

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2008**

**Note 1 -- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Lakes Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**Note 2 -- LOANS OUTSTANDING**

Although no new Nursing Student Loan advances occurred during the year ended June 30, 2008, the following loan balances were outstanding at June 30, 2008:

<u>Program</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Nursing Student Loans	93 364	\$ 6 305



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Iowa Lakes Community College  
Estherville, Iowa

We have audited the basic financial statements of Iowa Lakes Community College, Estherville, Iowa, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 20, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Iowa Lakes Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Lakes Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Community College's financial statements that is more than inconsequential will not be prevented or detected by the Community College's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-08 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Community College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiency described above is not a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Iowa Lakes Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government*

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Lakes Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the College's responses, we did not audit the Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Lakes Community College and other parties to whom Iowa Lakes Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Lakes Community College during the course of our audit. Should you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

*Williams+Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
January 21, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Iowa Lakes Community College  
Estherville, Iowa

**Compliance**

We have audited the compliance of Iowa Lakes Community College, Estherville, IA, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Iowa Lakes Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Lakes Community College's management. Our responsibility is to express an opinion on Iowa Lakes Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Lakes Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Lakes Community College's compliance with those requirements.

In our opinion, Iowa Lakes Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of Iowa Lakes Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Lakes Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Lakes Community College's internal control over compliance.

A control deficiency in the Community College's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Community College's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Community College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Community College's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the Community College's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and constituents of Iowa Lakes Community College and other parties to whom Iowa Lakes Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Williams + Company, PC

Certified Public Accountants

Spencer, Iowa  
January 21, 2009

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**PART I – SUMMARY OF AUDITORS' RESULTS**

- (A) An unqualified opinion was issued on the financial statements.
- (B) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (G) Major programs were as follows:
  - Student Financial Aid Cluster:
    - CFDA Number 84 007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
    - CFDA Number 84.032 – Federal Family Education Loans
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.375 – Academic Competitiveness Grant
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Iowa Lakes Community College qualified as a low-risk auditee.

**PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Financial Reporting – During the audit we identified immaterial amounts of receivables, payables, inventory, and interest income not recorded properly in the College's financial statements.

Recommendation – The College should implement procedures to ensure all receivables, inventory, and interest income are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:** No matters were reported.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**SIGNIFICANT DEFICIENCIES:** No matters were reported.

**INSTANCES OF NON-COMPLIANCE:** No matters were reported.

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

IV-A-08: Certified Budget – Expenditures for the year ended June 30, 2008, exceeded the amounts budgeted in the Plant Fund.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – The College will amend future budgets before expenditures exceed the budget.

Conclusion – Response accepted

IV-B-08: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-08: Travel Expense – No expenditures of Iowa Lakes Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-D-08: Business Transactions – No business transactions between the Community College and the Community College officials or employees were noted.

IV-E-08: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-08: Publication – The Community College had published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C 14(12) of the Code of Iowa.

IV-H-08: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

IV-I-08: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College.